

PROPOSED 2000 SUPPLEMENTAL OPERATING BUDGET

BUDGET HIGHLIGHTS

FEBRUARY 18, 2000

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House Appropriations Committee

<http://www.leg.wa.gov/house/opr/app/budgrpt.htm>

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BUDGET PRINCIPLES

- C Belt tightening by state government, not just by local government, in response to I-695
- C Government reforms to achieve more efficient and effective state programs and services
- C A continuing commitment to address traffic congestion and other transportation priorities
- C Ongoing support of local government assistance programs
- C Supporting improvements in teacher quality, standards and accountability, and school safety
- C Sustainable property tax relief
- C Maintaining accessible budget reserves at safe and sensible levels
- C Keeping discipline in the supplemental operating budget by addressing mainly emergencies, technical issues, and one-time opportunities

1999-01 GENERAL FUND - STATE BALANCE SHEET HOUSE REPUBLICAN 2000 SUPPLEMENTAL

(Dollars in Millions)

RESOURCES		
	<u>1999-01</u>	<u>2001-03</u>
Unrestricted Beginning Balance	\$462	\$399
November Revenue Forecast	\$20,727	\$22,336
<i>February 2000 Forecast (car rental tax)</i>	<i>(\$30)</i>	<i>(\$51)</i>
<i>February 2000 Forecast</i>	<i>\$146</i>	<i>\$249</i>
<i>Sales tax transfer to Transportation</i>	<i>(\$104)</i>	<i>(\$222)</i>
<i>Sales tax equalization transfer</i>	<i>(\$49)</i>	<i>(\$81)</i>
<i>Property taxes: State Share Cut and Senior Credit</i>	<i>(\$89)</i>	<i>(\$337)</i>
Net Revenue	\$20,602	\$21,894
Total Resources	\$21,064	\$22,293
SPENDING LIMIT AND APPROPRIATIONS		
Official 601 Spending Limit	\$20,651	
<i>Net Adjustments to Limit</i>	<i>\$2</i>	
<i>Revised 601 Expenditure Limit</i>	<i>\$20,653</i>	<i>\$21,657</i>
Operating Budget, ESSB 5180	\$20,573	
<i>2000 Supplemental</i>	<i>(\$171)</i>	
<i>Local Public Safety</i>	<i>\$99</i>	<i>\$163</i>
<i>Transit Districts (one-time)</i>	<i>\$50</i>	
<i>Transportation Fund Liability</i>	<i>\$50</i>	
Total GFS Appropriations	\$20,601	\$21,657
Spending Compared to Limit	(\$52)	\$0
UNRESTRICTED GENERAL FUND RESERVES		
Beginning Balance	\$462	\$399
Change in Reserves	<u>(\$63)</u>	<u>\$0</u>
Unrestricted Ending Balance	\$399	\$399

Note: \$32 million from Tobacco funds are provided to local public health districts.

EMERGENCY RESERVE ACCOUNT		
	<u>1999-01</u>	<u>2001-03</u>
Beginning Balance	\$536	\$668
New Deposit (Revenue > Limit)	\$64	\$237
Interest Earnings	<u>\$68</u>	<u>\$80</u>
Emergency Reserve (incl. interest)	\$668	\$984
Overflow to Education Construction	\$0	\$0

ADJUSTMENTS TO THE INITIATIVE 601 EXPENDITURE LIMIT		
	<u>1999-01</u>	
Official 601 Spending Limit	\$ 20,651	
Sales tax equalization tax transfer	(49)	
Sales tax transfer to Transportation	(104)	
Local government public safety costs	99	
Transit District costs	50	
HB 3121 Adjustment for Transfers	(28)	
Budget Driven Adjustments	<u>33</u>	
Net Adjustments to the Limit	\$ 2	
Revised 601 Expenditure Limit	20,653	

SUPPLEMENTAL 2000 OPERATING BUDGET SUMMARY

HOUSE REPUBLICAN PROPOSAL

(Dollars in Millions)

Forecasted Caseload and Utilization Changes	(7.5)
Budget Savings	
Pension Savings	(80.5)
Welfare Savings	(44.4)
Other Reductions	(120.5)
K12 savings for reinvestment	(3.4)
Higher Ed savings	(11.8)
Savings, Subtotal	(260.6)
Budget Enhancements	
K-12	35.4
Higher Ed	8.7
Human Services & Corrections	22.5
Salmon/Water	3.4
Enhancements to other State Programs	17.5
Local Government, Becca costs	7.1
Enhancements, Subtotal	94.6
BASE 2000 SUPPLEMENTAL	(173.5)
I-695 Response	
County, Equalization and Criminal Justice	33.0
Cities, Equalization and Criminal Justice	66.2
Public Health*	33.2
Transit Districts	50.0
Transportation Fund Liability	50.0
Air Quality and Crime Lab*	10.1
TOTAL 2000 SUPPLEMENTAL (GFS)	28.2

* In the House Republican proposal, \$41 million from Tobacco funds are provided to local public health districts and the Air Quality Program.

I-695 RESPONSE

Passed by a vote of the people in November 1999, Initiative 695 significantly reduced motor vehicle excise tax revenues to state transportation programs and local government assistance programs, as well as to other state government programs. The House Republican budget is committed to making prudent use of state reserves to enable local governments to maintain vital public safety, public health and other services, and to move forward on state transportation priorities.

Working under the principle that state agencies, as well as local governments, need to tighten their belts, the House Republican budget positions the state to respond to the challenge of Initiative 695. The proposed Supplemental Operating Budget makes adjustments that reduce biennial expenditures by \$170 million. With these adjustments to the biennial budget adopted last year, the House Republicans have room for a local government assistance package worth almost \$300 million in 2001-03, and a revenue stream for ferries and transportation projects worth \$222 million in 2001-03. Because House Republicans have subjected state programs to thorough scrutiny to obtain savings, they are able to make this substantial response to the needs created by I-695 while still making targeted investments in K-12 education and addressing other supplemental priorities.

TRANSPORTATION

Transportation Programs and Projects (Provides \$1.6 billion in bond and revenue capacity over six years)

The House Republican transportation finance package is based on dedicating to state transportation programs the sales and use tax collected on motor vehicle-related transactions, including sale of new and used cars, parts and maintenance, and other related products and services. The resulting \$104 million in revenue transferred to transportation will provide \$20 million per year to the ferry operating budget, mitigating fare increases and service reductions, and a revenue stream supporting \$1.3 billion in bonds for transportation projects to be determined by the House Republican Transportation Budget.

Transit (Provides \$100 million General Fund - State)

To provide transitional funding assistance, an amount of \$100 million is provided to transit districts and authorities for operational support. Funding in the amount of \$50 million is provided to cover existing state liabilities, and \$50 million is provided to address current operations.

LOCAL GOVERNMENT (Provides \$180 Million)

The components of the House Republican local government assistance package for the 1999-01 biennium are as follows:

Local Government Assistance Package (dollars in millions)						
	1999-01			2001-03		
	I-695 Impact	House R	% Funded	I-695 Impact	House R	% Funded
Cities	(129.6)	106.2	82%	(223.9)	176.5	79%
Counties	(63.7)	41.6	65%	(108.6)	67.8	62%
Public Health Districts	(36.9)	33.2	90%	(57.6)	49.4	86%

Criminal Justice Assistance (Provides \$99.3 million General Fund - State)

The state will assume responsibility for \$99 million in local government program costs for municipal and superior court systems, police operations, crime prevention, care and custody of prisoners, and legal services. Of this total, \$66 million is provided to cities and \$33 million is provided to counties, both on an ongoing basis. These amounts restore approximately 90 percent of revenue losses to public safety programs resulting from I-695.

Sales Tax Equalization (Provides \$48.5 million in state sales tax distributions)

The passage of I-695 severely impacted those jurisdictions that received sales tax equalization revenue. To address the needs of cities and counties with a restricted revenue base, a distribution of the state sales tax will be provided to eligible local jurisdictions. Approximately \$40 million is distributed to eligible cities. Approximately \$8.6 million is distributed to eligible counties. These amounts restore approximately 70 percent of funding losses to sales tax equalization programs.

Public Health (Provides \$33.2 million from the Health Services Account)

Ongoing funding is provided to restore 90 percent of funding losses to public health districts and county public health programs.

STATE GOVERNMENT PROGRAMS

State Patrol Crime Laboratories (provides \$2.5 million General Fund - State)

The State Patrol crime labs process physical evidence, primarily for local law enforcement agencies. Services include the scientific analysis of evidence such as blood, hair, fibers, paint, soil, bullets, impressions and other physical indications. As a result of Initiative 695, a portion of the revenue which previously supported the activities of the crime lab was eliminated. \$2.5 million is provided to replace the lost funding and continue current crime lab activities.

Air Quality Program (Provides \$7.6 million Health Services Account)

The state's air quality program lost revenue due to the repeal of the clean air excise tax by Initiative 695. The House Republican budget provides funding to restore the state's Air Quality Program and meet essential federal and state program requirements including air quality monitoring, grants to local air pollution control agencies, and compliance with state and federal air quality laws.

K-12 FUNDING ENHANCEMENTS

EFFECTIVE TEACHERS AND PRINCIPALS

Lead Teacher Program (Provides \$2.0 million General Fund - State)

Through stipends funded in this budget, experienced teachers will provide leadership and support in their schools. These lead teachers will spend part of their time outside of their classrooms observing other classrooms, providing mentoring, demonstrating effective teaching techniques, and providing other assistance to fellow teachers to improve instructional quality.

Performance Pay Incentives (Provides \$2.0 million General Fund - State)

This budget recognizes exemplary teachers by initiating a program to provide incentive pay to teachers who demonstrate exceptional skills and document improved student learning.

Beginning Teacher Training and Assessment (Provides \$1.0 million General Fund - State)

To help attract high quality candidates to the teaching field, the budget provides loans of up to \$4,000 per year for 200 college students who maintain a 3.0 grade point average or better. Loans can be repaid by teaching in Washington public schools.

Before beginning teachers are certified, each candidate will be required to demonstrate mastery of teaching techniques and appropriate subject areas.

Second Grade Reading Assessment (Provides \$106,000 General Fund-State)

New second grade teachers will receive specific training on how to administer the second grade reading and accuracy assessment.

K-12 Leadership (Provides \$900,000 General Fund - State)

In recognition of the importance of leadership skills at the building level, the budget funds additional principal internships and a principal assessment and support program. A competency-based assessment will be implemented for new principal candidates. Once hired, new principals will have an experienced principal as a mentor for up to three years.

Professional Development (Provides \$7.5 million General Fund - State)

The 1999-01 budget provided compensation for certificated instructional staff to participate in three additional training days, known as learning improvement days. This budget recognizes additional costs incurred by districts in the implementation of learning improvement days and includes classified instructional aides in the training. The professional development allocation may be used for compensation for classified instructional aides, materials, speakers, trainers and other costs associated with the learning improvement days.

Teacher Compensation Study (Provides \$100,000 General Fund-State)

A study of the supply and compensation of K-12 certificated instructional staff will be conducted by the Joint Legislative Audit and Review Committee. The study will include a review of historical trends on the recruitment and retention of teachers, consideration of recruitment and retention differences among instructional areas and geographic areas, and a comparison of total teacher compensation in Washington to compensation in other states.

CHOICE, STANDARDS AND ACCOUNTABILITY

Extended Learning to Meet New Academic Standards (Provides \$17.8 million General Fund-State)

Additional opportunities for struggling students in grades 1-3 are provided to assist these students in meeting the new academic standards. Districts can use the funds for new or enhanced programs operating before-school, after-school, on Saturdays or during the summer. The programs will focus on math, reading, and writing.

Charter Public Schools (Provides \$2.0 million General Fund - State)

Charter public schools will attract new students to the public school system and offer alternative learning environments to currently enrolled public school students. The charter public schools will be administered by non-profit organizations sponsored by a local school district or a public university, and must meet specified performance and accountability standards. Grants are included in the budget to assist charter public schools with start-up costs.

Supporting the Accountability Commission (Provides \$250,000 General Fund-State)

The Academic Achievement and Accountability Commission's research and operations capacity is increased. These additional resources will allow the

Commission to consider comparative research through consultant services, to learn directly from other states through site visits, to independently analyze Washington data, and to hold additional subcommittee meetings.

Increasing Participation in Student Learning Assessments (Provides \$140,000 General Fund-State)

To increase the participation of private school students in the Washington Assessment of Student Learning (WASL), funding is provided to pay the contractor's cost of providing the test booklets and scoring the tests when a group of private school students choose to take the WASL at their private school.

Program Review of the Bilingual Education Program (Provides \$135,000 General Fund-State)

The Joint Legislative Audit and Review Committee will review program data for the Transitional Bilingual Program, including length of stay in the program, testing methods for entry and exit, and descriptions of program variations among school districts. The JLARC will analyze the relationship between length of stay and student achievement and will develop recommendations for changes to the funding allocation methods for this program.

SAFETY AT SCHOOL

School Security Grants (Provides \$1.7 million Violence Reduction and Drug Enforcement Account)

The importance of safety at school is acknowledged with additional funds for school security grants. The additional funds in this budget will ensure that all districts will receive school security grants in the 1999-01 biennium at the same level as their 1997-99 award.

Safe Delivery of Medical Services at Schools (Provides \$3.1 million Health Services Account)

In response to concerns about the delivery of health services in schools, nursing assistant training is provided for one staff per elementary school.

Internet Filtering Servers (Provides \$431,000 General Fund-State)

As access to the Internet increases, schools are making efforts to protect students from adult material that is readily available through this medium. In recognition of the costs that are required to initiate an information technology filtering system, funds to purchase a filtering server are made available to districts that currently do not have a filtering system in place.

HIGHER EDUCATION ENHANCEMENTS

Student Access Through Technology (Provides \$750,000 General Fund - State)

The community and technical colleges are provided funding to develop system wide on-line catalogs for distance learning and other admissions information. Students will be able to access distance education course openings available at any community or technical college in the state.

Maintaining Investments in Capital Facilities (Provides \$666,000 General Fund - State)

State funding is provided to community and technical colleges to maintain and operate facilities used for classwork and related activities that were constructed with local funds and certificates of participation.

Economic Development for Spokane and Eastern Washington (Provides \$600,000 General Fund - State)

Washington State University will provide research activities related to biotechnology and health sciences for potential commercialization activities of the Spokane Intercollegiate Research and Technology Institute (SIRTI).

Graduate Student Health Benefits (Provides \$450,000 General Fund - State)

To respond to the rising cost of health care insurance premiums and to maintain reasonable levels of co-payments, current state funds are provided for graduate assistant health insurance coverage at the University of Washington. The University is expected to match this appropriation, in partnership with the state, to provide compensation to graduate research and teaching assistants.

Helping Students with Disabilities (Provides \$250,000 General Fund - State)

The community college districts have access to a centralized reserve pool of funds to provide for emergent needs of students with disabilities. Additional funding is provided in order to insure the reserve pool is sufficient to meet extraordinary demand through the school year.

Closing the Skills Gap (Provides \$224,000 General Fund-State)

Funding is provided for grants to local workforce development councils that will

help close the skills gap facing Washington's industries. Facilitators will bring businesses, labor organizations, and/or industry associations together into industry skills panels that will identify skills gaps in their industry and develop training curriculums that will provide the education needed by workers to fill those gaps.

Emergency Capital Needs (Provides \$4.6 million General Fund - State)

Funding is provided for two emergencies involving repairs to facilities, including the campus heating boilers at Washington State University and roof replacement at Columbia Basin College.

Emergent Operating Budget Issues (Provides \$1.1 million General Fund - State)

Critical institutional operating issues emerged subsequent to the adoption of the biennial budget. These include technical corrections to allocations for part-time faculty salaries at the community and technical colleges and risk management billings to Central Washington University, a shortfall in the Employment Training and Trust Account used by the community and technical colleges, and continuing maintenance needs for the recently completed telecommunications project at Western Washington University.

PUBLIC SAFETY

Drug Courts (Provides \$994,000 General Fund - State)

Drug courts are specialized courts that require drug treatment and monitor compliance of defendants whose current offense stems primarily from substance abuse. Research indicates that these programs provide savings in jail, court and treatment costs through decreased recidivism rates. Three counties with existing drug courts will exhaust federal resources this fiscal year. State funding is provided for these drug courts, enabling them to continue operating at their current levels.

Criminal Justice Legislation (Provides \$674,000 General Fund - State)

Funding is provided to implement the provisions of House Bill 2451 (anhydrous ammonia crimes), House Bill 3124 (sexually violent predators), House Bill 2456 (identity crimes), House Bill 2498 (juvenile offender basic training camp), and House Bill 2491 (DNA testing of prisoners). House Bill 2451 would make the theft of anhydrous ammonia, storage of anhydrous ammonia in an unapproved container, or possession of anhydrous ammonia with intent to manufacture methamphetamine a felony. House Bill 3124 would create an indeterminate sentencing option for certain sex offenders who are found to be predatory. House Bill 2456 increases the penalties for identity theft. House Bill 2498 authorizes the state to return juvenile basic training camp graduates to a state juvenile correctional institution for up to the remainder of the sentence for repeated or serious parole violations. House Bill 2491 provides for the testing of certain DNA evidence if it could provide a reasonable basis to prove innocence for a person sentenced to death or life imprisonment.

Meth Lab Cleanup (Provides \$749,000 Other Funds)

In response to the increase in the number of illegal methamphetamine labs, the House Republican budget provides funding to perform cleanup of toxic chemicals to protect public health.

Hepatitis C Detection and Treatment (Provides \$1.8 million General Fund - State)

Last session, the Legislature directed the Department of Corrections to develop a plan on how hepatitis C would be managed and treated within the state's prison system. As a result of that effort, funding is provided for the voluntary testing of inmates for hepatitis C, as well as for the medical treatment of offenders who are infected with the hepatitis C virus and who would benefit from the treatment.

Pipeline Safety (Provides \$350,000 General Fund)

In Bellingham last summer, an underground pipeline leaked 277,000 gallons of gasoline and exploded, resulting in three fatalities. Funding is provided to develop a state pipeline safety program, seek federal delegation of interstate pipeline regulation, conduct an assessment of local response efforts, and develop training for local first responders.

Continuation Funding of Other Public Safety Programs (Provides \$1.3 million Total Funds)

Without legislative action, a number of existing public safety programs would see their funding sharply reduced or eliminated. Programs affected at the Washington State Patrol include the missing and exploited children task force and the multi-jurisdictional narcotics task forces. Similarly, funding is provided to the traffic safety training program offered by the Criminal Justice Training Commission. Support is provided to continue each of these programs at their current levels of funding.

Law Enforcement Study (Provides \$250,000 General Fund - State)

Funding is provided for the Washington Association of Sheriffs and Police Chiefs to conduct a study of law enforcement services and expenditures for counties and for cities in the larger counties. The study will focus on identifying gaps and duplication in service delivery, especially relating to special service units such as bomb squads, SWAT teams and hostage rescue units.

Sentencing Study (Provides \$80,000 General Fund - State)

Funding is provided for the Sentencing Guidelines Commission to conduct a comprehensive review and evaluation of state sentencing policy. The review and evaluation will include an analysis of whether current sentencing ranges and standards, as well as existing mandatory minimum sentences, and existing sentence enhancements and special sentencing alternatives, are consistent with the purposes of the sentencing reform act and with prison capacity. The study, which will include any recommended changes, must be completed no later than December 1, 2001.

SALMON RECOVERY AND WATERSHED MANAGEMENT

Forests and Fish Implementation (Provides \$2.4 million General Fund-State)

The Legislature passed the Forest Practices-Salmon Recovery Act in 1999 to protect salmon habitat and water quality. Funding is provided to continue program implementation, including establishment of a Small Forest Landowner Office, rule development and technical assistance for landowners to comply with the new rules.

Water Rights Processing (Provides \$750,000 General Fund - State)

To address the backlog of pending water rights applications, the House Republican budget provides funding to implement legislation allowing the processing of water right changes more efficiently.

Agricultural, Fish, & Water (Provides \$250,000 General Fund - State)

The agricultural community is working with state and federal agencies, tribal organizations, and environmentalists to develop standards that protect water quality and salmon. Funding is provided to assist the agricultural community in participating in the negotiation process.

HUMAN SERVICES AND HEALTH CARE

Becca Bill Implementation (Provides \$7.1 million General Fund - State in new funds, \$13.9 million overall)

During the 1995 legislative session, the Legislature passed comprehensive legislation addressing the problems of at-risk and runaway youth. The goal of the legislation, known as the Becca Bill, was to provide increased protection for children who engage in harmful acts or behaviors, and to give parents, the Department of Social and Health Services, schools, courts and law enforcement agencies additional tools to help these children.

A portion of the funding for counties to implement the Becca bill was provided through Referendum 49. This funding was eliminated with the passage of Initiative 695. State funding is provided to cover the lost Becca funds for the remainder of the biennium, and is intended to be ongoing.

Foster Care: Retaining Foster Parents and Capping Exceptional Costs

To assist foster parents caring for children who act out sexually, \$114,000 will be reinvested into a foster parent retention pilot program. To make this investment possible, exceptional cost cases will be capped at 25 percent of the total foster care caseload, limiting the growth in the number of cases authorized for exceptional care.

MH/DD Collaborative Workplan (Provides \$7.0 million General Fund - State)

The House Republican budget funds a set of initiatives aimed at better addressing the needs of individuals with developmental disabilities and mental health needs. Funding is included to expand the habilitation program at Western State Hospital to improve services for the developmentally disabled who reside there. The budget also targets more resources to the Developmental Disabilities Division to be used to prevent admission into the state hospitals through increased crisis intervention and diversion activities. Funding provided to implement Phase III of the DD/MH Collaborative Workplan will be released after legislative review of program components.

Developmental Disabilities Enhancements (Provides \$6.5 million General Fund - State)

The budget includes the following initiatives:

- C increased funding for family support services and related case management;
- C funding to increase the number of people receiving residential, employment,

family support, or other direct services based on the priorities established by the Stakeholder Advisory Group;

- C increased training for boarding home staff in serving clients with dementia, mental illness and developmental disabilities;
- C development of rules regarding orientation, basic training and continuing education for care givers in all long-term care settings;
- C funding for the increased costs of care for dependent children in voluntary foster care placements; and
- C enhanced funding for the administration of the Developmental Disabilities Endowment Fund.

Funding to Low-Income & Rural Hospitals (Provides \$3.1 million General Fund-State, \$18.8 million Health Services Account, and \$3.3 million General Fund-Federal)

The budget returns disproportionate share payments to the same level as in the 1997-99 biennium for low-income hospitals. Rural public hospital districts that operate nursing homes will receive additional one-time federal funds of up to \$17.8 million. Finally, under the provisions of Second Substitute House Bill 3016, critical access hospitals and rural hospitals who qualify will receive enhanced reimbursement.

Special Commitment Center (Provides \$4.6 million General Fund - State)

The budget provides funding to comply with a court injunction and the requirements of the Special Master assigned to this case. Funding will be used to increase staffing levels, remodel the facility, and provide enhanced treatment services to residents. In addition, the budget reimburses the Office of the Attorney General for legal costs associated with the center's residents.

Nursing Home Rate Setting (Provides \$4.0 million General Fund - State, \$8.2 million all funds)

Funding is provided to implement the provisions of House Bill 2359 which modifies the nursing home property payment system. Among other changes, the bill reinstates the working capital rate component. In addition to the provisions of the bill, additional funding is provided so that the capital portion of the rate will not require a pro-rata reduction to avoid exceeding the limit set in the budget. Funding is increased by \$0.49 per patient day in fiscal year 2000 and by \$1.43 per patient day in fiscal year 2001.

Atypical Antipsychotic Medication Pilot Program (Provides \$1 million Health Services Account-State)

The budget provides funding to establish a pilot program for the distribution of

atypical antipsychotic medications to underserved populations. Atypical antipsychotics are newer generation medicines and are typically characterized as having fewer side effects which can result in better user compliance and long-term treatment. The pilot will target primarily those individuals who suffer from mental illness and do not qualify for Medicaid.

Protecting Vulnerable Adults (Provides \$1.8 million General Fund - State, \$3.8 million all funds)

Funding is provided for a number of initiatives designed to better protect vulnerable adults. A total of \$256,000 is provided for the implementation of Substitute Senate Bill 6401 which requires home care workers who have resided in the state for fewer than three years to be screened using both a state background check and an FBI interstate history background check. A total of \$1.3 million is provided to investigate an increased number of allegations of abusive care, and \$497,000 is provided to better monitor care in nursing homes. Finally, \$1.8 million is provided for the face-to-face review of all high-risk in-home care situations that were conducted in the fall of 1999 in response to the Linda David case.

Tobacco Prevention and Control Plan (Provides \$2.5 million General Fund - State)

The budget provides funding to the Department of Health for a Tobacco Prevention and Control Plan which may include: community and school-based programs, cessation support, public awareness campaigns, youth access information, and assessment and evaluation activities.

Patient Bill of Rights (Provides \$141,000 General Fund - State, \$167,000 other funds)

Funding is provided for the administrative costs in the Department of Health and the Office of the Insurance Commissioner arising from Second Substitute House Bill 2331 (patient bill of rights). The patient bill of rights provides patient privacy protections, a process for independent review of grievances against health carriers, and the ability to sue health carriers for damages for substantial harm caused by their decisions regarding health care.

Basic Health Plan

The House Republican budget directs the Health Care Authority to prioritize resources to make the Basic Health Plan available in rural areas. Some rural counties have seen a dramatic decrease in the number of health carriers bidding on providing care through the BHP. This budget allows the Health Care Authority to spend more money in rural areas if necessary to ensure access to Basic Health, possibly resulting in lower total enrollment in the Basic Health Plan.

NATURAL RESOURCES AND GENERAL GOVERNMENT

Methow River (\$500,000 General Fund - State, \$1.3 million Other Funds)

To assist the residents of the Methow River Valley in responding to the Endangered Species Act listings, the budget provides funding for watershed planning to develop baseline hydrological data, and earmarks salmon recovery technical assistance for salmonid screening projects.

Recovery of Marine Fish (Provides \$400,000 General Fund - State)

Several species of marine fish, including cod, herring and rockfish, are being considered for listing under the Endangered Species Act. This may result in further restrictions on fishing and land use activities. The budget provides funding for science-based monitoring and fishery management to restore these fish stocks.

Restore Hatchery Production (Provides \$290,000 General Fund - State, \$200,000 Other Funds)

Hatchery reductions due to past shortfalls in the Wildlife Fund and decreasing availability of federal funds are restored in the House Republican budget, including funding for production of steelhead smolts at Reiter Pond.

Northwest Avalanche Center (\$78,000 General Fund - State)

The budget provides funding to operate the Northwest Weather and Avalanche Center, which provides weather and avalanche forecasts for the Olympic and Cascade mountain ranges.

Fire Suppression (Provides \$2.7 million Other funds)

Due to a higher than expected number of fires during the 1999 fire season, the budget provides \$2.7 million in Disaster Relief funding to pay for fire suppression activities on state lands.

Agricultural Fair Funding

The House Republican budget supports the creation of a task force to develop recommendations for long-term funding of agricultural fairs and youth shows. The task force will develop recommendations by November 15, 2000, and will be supported by the House of Representatives and the Senate.

Health Benefits Reserves Pay Back (Provides \$2.8 million General Fund - State, \$1.6 million other funds)

Claims resulting from the settlement in Retired State Employees v. State of Washington in 1998 were paid in part from reserves in the Health Care Authority's non-appropriated Public Employees' and Retirees' Insurance Account. Funding has been provided since July 1999 to repay the reserves. The current rate would repay the reserves by the end of fiscal year 2003. The House Republican budget provides funding to repay the reserves by the end of the current biennium. This will allow the Public Employees Benefit Board to manage costs within existing resources.

Enhanced Public Disclosure (Provides \$20,000 General Fund - State).

In addition to the \$414,000 in enhancements provided in the 1999 legislative session, new computer software and hardware will allow the Public Disclosure Commission (PDC) to fully address the expanded duties put in place last session. 1999 legislation requires the PDC to offer Internet filing services to lobbyists and continuing political committees who must file forms every year disclosing their campaign financing.

Consumers and Telephone Solicitation (Provides \$50,000 General Fund - State)

A task force is created in the Utilities and Transportation Commission to study options for consumers to remove themselves from telemarketing call lists in order to protect their personal privacy.

State Ferry Operations Audit (Provides \$243,000 General Fund - State)

Funding is provided to the State Auditor to conduct an audit of the state ferry capital operations to determine whether the ferry system is acquiring, protecting and using its resources economically and efficiently.

SAVINGS INITIATIVES

HUMAN SERVICES

Welfare Savings (Savings of \$70.1 million General Fund - State)

The state WorkFirst program is successfully fulfilling all federal welfare reform participation requirements. State funds reserved for possible Temporary Assistance for Needy Families (TANF) penalties are eliminated, and the state's required maintenance of effort level is assumed to be 75 percent of historical levels rather than 80 percent, resulting in savings of \$44.4 million. In addition, TANF funding is transferred to be used for other grants, and unused state match funds are eliminated.

Medicaid Fraud and Abuse Detection System (Savings of \$2.2 million General Fund - State, \$3.3 million other funds)

The Department of Social and Health Services (DSHS) will implement a new Medicaid fraud and abuse detection program. The new program will result in increased identification of potential fraud and abuse cases and increased cost recoveries and cost avoidance in the Long Term Care, Medical Assistance, and Developmental Disabilities programs. This new detection program is estimated to save \$6.6 million. Additional funds are provided to the Attorney General's Office to enhance Medicaid fraud law enforcement.

Family Policy Council Elimination (Savings of \$2.9 million General Fund - State, \$4.2 million other funds).

The Family Policy Council and Community Networks were created in 1994 to distribute funds based on locally determined criteria to programs intended to prevent juvenile violence or out-of-home placement. Programs funded by the networks have not shown clear results. Funding for these programs is therefore eliminated.

Caseworker adjustments (Savings of \$3.9 million General Fund - State and \$5.3 million other funds)

Although TANF caseloads have declined by 40 percent since implementation of 1997 welfare reform legislation, the Department of Social and Health Services (DSHS) has not made corresponding reductions in staffing. The budget makes a 20 percent reduction in TANF caseworkers to reflect the dramatically reduced caseload. This reduction takes into consideration that the remaining caseload is made up of potentially harder to serve clients that require more caseworker time. In addition, DSHS data on open Child Protective Services and Child Welfare Services cases shows that the current caseload to caseworker ratio has declined.

Funding is reduced to maintain the enhanced caseload to caseworker ratio that was funded in the 1997 budget.

Implementing time limits on GA-U (Savings of \$11.4 million General Fund - State)

The General Assistance-Unemployable (GA-U) program provides cash assistance to single persons who are regarded as too disabled to work, but who do not qualify for federal Supplemental Security Income (SSI) benefits or Temporary Assistance for Needy Families (TANF) assistance. The Department of Social and Health Services is directed to institute time limits on cash assistance through this program. Those on GA-U due to vocational factors will be limited to six months and those on GA-U due to social factors will be limited to 12 months. These changes will bring the GA-U program requirements more in line with the federal TANF and state Workfirst programs.

Prescription Drug Savings (Savings of \$2.5 million General Fund - State)

Savings will be achieved through a variety of agency initiatives, including using in-state wholesalers to set purchase prices and requiring prior authorization of prescriptions for non-steroidal anti-inflammatory drugs.

Residential Habilitation Cottage Closure (Savings of \$1.0 million General Fund - State)

Significant vacancies have resulted in the opportunity to consolidate three residential habilitation cottages, two at Fircrest School and one at Lakeland Village. By July 2001, staffing will be reduced by 81 positions.

Department of Social and Health Services Staff Reductions (Savings of \$10.3 million General Fund - State, \$6.9 million other funds)

The Department of Social and Health Services will selectively reduce the number of staff across the agency so that there will be 500 fewer staff on the payroll at the beginning of the 2001-03 biennium.

Reduce Administration and Unused Services (Savings of \$8.3 million)

Administrative funding is reduced for the Department of Social and Health Services. In addition, savings are realized through secure group home beds and specialized assessments not being used and participation in the naturalization and refugee assistance programs dropping.

PUBLIC SAFETY

Correctional Efficiencies (Savings of \$6.0 million)

Savings in the Department of Corrections are achieved in several ways. Equipment with longer life cycles will be lease-purchased, saving approximately \$1 million. The department has experienced hiring delays in a number of programs, generating \$2.6 million in savings. The department has underspent their allotted number of staff in the program support area by between 15 and 44 staff each month during the first six months of the biennium. The budget expects the department to continue achieving savings of at least 15 administrative staff on an ongoing basis, resulting in a savings of \$1.2 million. Finally, the operation of one facility will be privatized effective January, 2000 saving \$1.2 million.

Juvenile Rehabilitation Facility Closure (Savings of \$2.1 million General Fund - State)

Significant vacancies in juvenile rehabilitation institutions have resulted in the opportunity to consolidate facilities. The Indian Ridge Youth Camp, which has a maximum operating capacity of 76 offenders, is closed.

GENERAL GOVERNMENT AND NATURAL RESOURCES

Adjust Pension Contribution Rates (\$80.5 million General Fund - State savings, \$13.6 million other funds savings)

The 1998 actuarial valuations conducted by the office of the state actuary determined that the contribution rates necessary to meet the state's pension funding goals are lower than the pension rates currently in effect, due primarily to higher-than-expected returns on the investments in the pension funds. The budget lowers the state and employer contribution rates for the public employees' retirement system, the teachers' retirement system and the law enforcement officers' and fire fighters' retirement system to reflect the actuarial valuations.

Statewide Agency Efficiencies (Saves \$8.1 million General Fund-State, \$18.3 Other Funds)

Agencies are expected to achieve 7.5 percent savings in their fiscal year 2001 expenditures on personal services contracts, travel and equipment. In addition, staff savings of 257 staff are captured based on an analysis of historical vacancy rates.

Competitive Bidding of State Services (Saves \$3.2 million General Fund-State)

House Bill 2042 allows contracting of state services. Saving 429 staff, the budget proposes to contract for private operation of one of the state's prisons; custodial work on the capitol campus; maintenance, food and laundry services at a mental health hospital, DD residential habilitation center, and a juvenile rehabilitation institution; maintenance at selected state parks; and claimant fraud investigations at the Department of Labor and Industries.

Community, Trade and Economic Development (Savings of \$5.8 million General Fund - State)

Savings of \$5.8 million at CTED are made by reducing growth management assistance, coastal erosion grants, the business assistance center, energy policy staff, public broadcasting grants, and by obtaining other departmental efficiencies.

Office of the Secretary of State (Savings of \$2.1 million General Fund - State)

An amount of \$1.9 million is saved by the privatization of gavel-to-gavel television coverage of state agency proceedings. Additional savings are realized by reductions in the state oral history program and the international education program.

Growth Management Hearings Boards (Savings of \$1.7 million General Fund - State)

The Growth Management Hearings Boards are discontinued after June 30, 2000, saving at total of \$1.7 million.

Disaster Response Account Surplus (Savings of \$7.25 million General Fund - State)

The Emergency Management Division of the Military Department effectively streamlined its accounting procedures, revealing a \$10.25 million surplus in disaster funds. From this surplus, the budget pays for the National Guard deployment at the WTO conference and lawsuit costs associated with the 1996 floods, while leaving \$3 million as a contingency for unpredicted disaster costs.

Senate and House of Representatives (Savings of \$2.6 million General Fund - State)

Consistent with voters' desire for a leaner government as expressed in Initiative 695, legislative budgets will make savings similar to those expected of local governments and other state agencies.

Dept. of Natural Resources Administrative Reduction (Savings of \$500,000 General Fund - State)

Funding is decreased for administrative costs at the Department of Natural Resources due to cost savings achieved as a result of reduced revenues to agency management funds.

Landscape Management Pilot Project (Savings of \$397,000 General Fund - State)

Funding is removed for a pilot landscape management project initiated in 1997. New rules for forest practices to protect salmon habitat were enacted in 1999.

Conservation Corps Administrative Costs (Savings of \$256,000 General Fund - State)

Funding is decreased to reduce administrative costs of implementing the Conservation Corps program. Legislation passed in the 1999 session reduced allowable administrative program costs.

Puget Sound Action Team (Savings of \$158,000 General Fund- State)

The Puget Sound Action Team, currently in the Office of the Governor, is transferred to the Department of Ecology and administrative costs are reduced.

HIGHER EDUCATION

Enrollment Adjustments For This Year (Savings of \$5.9 million General Fund - State)

Higher education enrollment for the 1999-2000 academic year are reduced to reflect the actual levels of enrollments experienced by four institutions so far this academic year. (Detail is provided in the table below.) Except for Washington State University, enrollment bases for calculating the budgets for the next academic year are not reduced to reflect this enrollment shortfall because of anticipated increases in the number of potential students seeking access to public higher education next Fall.

Enrollment Expectations for Next Year (Savings of \$1.4 million General Fund - State)

Washington State University has proposed a reduction to the planned increases in enrollments for the 2000-01 academic year based on enrollment shortfalls this year.

Republican Appropriations Committee Budgeted Levels (Savings of \$4.2 million General Fund - State)

The current biennial budget includes items not included or funded at levels above the budget developed by the House Appropriations Committee Republican Co-Chair in 1999. The supplemental budget is reduced for items including: the North Snohomish-Island-Skagit Consortium, recruitment and retention funding provided to four-year institutions, the Advanced Technology Initiative at the research universities, Attorney General revolving funds at Washington State University, and the Center for Northwest Native American Studies at The Evergreen State College. Projects reduced at the Higher Education Coordinating Board include grant programs for Master Teachers, child care grants and community scholarships.

Higher Education Proposed New and Adjusted Enrollments								
	Budgeted for Last Year, 1998-99	Current Year				Next Year		
		Budgeted for This Year, 1999-2000	Funded Increase for This Year, 1999-2000*	Projection for This Year, 1999-2000	Enrollment Adjustments Due to Shortfall in Demand	Budget Base for Next Year: 2000-01	Enrollment Adjustments Due to Shortfall in Demand	New Enrollments Increase to Base: Next Year
University of Washington								Funded Increase for the Biennium
--- Seattle	31,527	31,927	400	32,117		31,927		739
--- Bothell	895	993	98	943	(50)	993		241
--- Tacoma	992	1,143	151	1,068	(75)	1,143		324
Washington State University								
--- Pullman	17,297	17,297	-	17,010	(288)	17,272	(100)	277
--- Spokane	442	472	30	432	(40)	472	(50)	109
--- Tri-Cities	754	754	-	596	(158)	754		-
--- Vancouver	971	1,021	50	970	(51)	1,021	(50)	100
Central Washington University	7,446	7,670	224	7,472	(198)	7,670		421
Eastern Washington University	7,739	7,739	-	7,755		7,739		-
The Evergreen State College	3,576	3,638	62	3,697		3,638		137
Western Washington University	10,338	10,648	310	10,587	(61)	10,648		423
Total 4 Year Institutions:	81,977	83,302	1,325	82,647	(655)	83,277		2,771
Community & Technical Colleges	118,526	120,529	2,003	125,737		120,529		4,806
HECB High Demand Pool							500	500
TOTAL HIGHER EDUCATION	200,503	203,831	3,328	208,384	(655)	203,806	4,749	8,077